

HOUSE BILL NO. 169

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 3/30/15

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act directing the Regulatory Commission of Alaska to provide a report to the**
2 **legislature relating to electrical transmission in certain areas of the state; and providing**
3 **for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 REVIEW OF ELECTRIC UTILITY INTERCONNECTION. (a) The commission
8 shall, not later than July 1, 2016, or as soon as practicable thereafter, provide a report to the
9 legislature determining whether creating an independent entity that meets the requirements of
10 (b) of this section to manage the electrical transmission facilities in the Railbelt area is the
11 best option to provide for effective and efficient electrical transmission, including economical
12 distribution, reliability of electrical service, and nondiscriminatory, open access to
13 transmission services. The commission shall also, if findings warrant, provide suggested
14 legislation and changes to the regulations of the commission in the report.

(b) In the report under (a) of this section, the commission shall evaluate the creation of an independent entity that

(1) is regulated the commission;

(2) is directed by a board of directors composed of stakeholders in Railbelt transmission facilities;

(3) has operational authority over the electrical transmission facilities of the Railbelt area;

(4) has the primary responsibility to ensure the reliability of the electrical transmission facilities of the Railbelt area;

(5) will optimize the use of existing electrical transmission resources and will, where possible, avoid duplication of facilities;

(6) has the power to

(A) adopt, maintain, and reinforce reliability standards by adopting an equivalent national reliability standard;

(B) plan, coordinate, and condition necessary additions and improvements to the transmission system;

(C) manage the interconnection of new generation facilities;

(D) administer a regional transmission tariff and employ a pricing system to promote the open access, efficient use, and expansion of transmission systems and generation facilities;

(E) manage parallel path flow and transmission congestion and create a voluntary and transparent wholesale energy market.

(c) While preparing the report described in (a) of this section, the commission shall assume that

(1) rate recovery is ensured through the planning, permitting, and construction phases of projects planned by the independent entity;

(2) the cost recovery of existing investments is ensured;

(3) regional tariff rates will be just, fair, and reasonable for all ratepayers and allow transitional rates to minimize the effect on an individual utility; and

(4) existing transmission systems used for the benefit of the Railbelt area will be allowed full cost recovery from the independent entity, including costs for depreciation,

1 interest, margin, operations, maintenance, applicable taxes, and general and administrative
2 expenses necessary for the operation of a transmission system.

3 (d) The recommendations in the report required in this section may not affect dockets
4 open before the effective date of this Act.

5 (e) In this section, "commission" means the Regulatory Commission of Alaska.

6 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).